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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

January 8, 2003

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

DOCKET FILE COPY ORIGINAL

Re: Reply of the Office of the Governor of the Commonwealth of the Northern
Mariana Islands to Submissions of Pacific Telecom, Inc.; IB Docket No. 02-111

Dear Ms. Dortch:

On behalf of the Office of the Governor of the Commonwealth of the Northern Mariana Islands ("Office of the Governor"), the following is in reply to recent submissions of Pacific Telecom, Inc. ("PTI") in IB Docket No. 02-111 supplying additional information pursuant to specific Commission requests. As shown below, PTI's failure to disclose, among other things, U.S. Department of Labor ("DOL") adverse investigative findings that Tan Holdings Corporation ("Tan") subsidiaries have breached the 1992 Consent Judgment constitutes a violation of Section 1.17 of the Commission's Rules and a breach of its duty of candor. For this reason alone, the pending transfer of control applications should be dismissed with prejudice.

In reply to PTI claims to the contrary, the Office of the Governor also shows below that the past misconduct of Tan affiliate L&T International Corporation ("L&T") is directly relevant to PTI. Finally, the instant letter demonstrates that the exceptionally large number of workers employed by Tan affiliates in the CNMI is directly relevant to the instant proceeding since approval of the pending applications would extend Tan's potentially monopsonistic control over the labor market in the Commonwealth of the Northern Mariana Islands ("CNMI").

I. PTI has Continuously Failed to Comply With Its Duty of Candor and Violated Section 1.17 of the Commission's Rules.

PTI has failed to comply with its duty of candor and has committed numerous material omissions in this proceeding in violation of Section 1.17 of the Commission's Rules. This lack of candor and non-compliance with the requirements of the regulatory process constitute a pattern of conduct that has continued since the 1991 *nolo contendere* plea to a felony charge of knowingly making materially false statements to the U.S. government and clearly demonstrates

the inability of PTI to comply with **U.S.** legal requirements, including Commission Rules. Therefore, on this basis alone, the pending applications should be dismissed with prejudice.

A. PTI Has Failed to Disclose Adverse Investigative Findings by the U.S. Department of Labor.

In its November 8, 2002 response to the International Bureau's oral requests for clarifications, PTT, in explaining its compliance monitoring functions under the 1992 Consent Judgment, asserts that "the U.S. Department of Labor has taken no further action with respect to the procedures or results of the continuing audits."¹ This statement fails to disclose critically relevant information. Specifically, PTI has failed to disclose the fact that it has been under active investigation by the DOL, and that the DOL has reached investigative findings that companies under Tan ownership have recently breached the 1992 Consent Judgment. According to a DOL investigator, the DOL has reached investigative findings that companies under Tan ownership have recently breached the 1992 Consent Judgment. The DOL investigator has informed the Office of the Governor that the DOL is preparing to file a civil contempt action against these companies in Federal court next month unless a settlement can be reached.

Apparently, Tan has known about this investigation, the DOL's adverse findings and the significant possibility of a civil contempt action being initiated by the DOL. Given the direct implications for the instant proceeding, these matters should have been divulged to the Commission. Aware that this information could have an adverse impact upon its pending applications, PTI instead knowingly elected to not disclose these latest developments involving the DOL to the Commission.

B. The Explanation Supplied For Failure to Disclose L&T's Nolo Contendere Plea Must Be Rejected.

As the Commission is already aware, PTI failed to reveal affiliate L&T's *nolo contendere* plea to felony charges in its applications for transfer of control.² PTI's Chairman, George Chiu, in a sworn declaration filed with the Commission, attempts to explain PTI's omission by claiming he believed that the actions of L&T were not relevant to PTI.³ The Commission should reject this explanation as disingenuous since, in 1998, the Department of Transportation ("DOT") expressly chastised Tan's subsidiary Asia Pacific Airlines ("Asia Pacific"), a company

¹ See Letter from Kenneth D. Patrich and Timothy J. Cooney, Attorney's for Pacific Telecom Inc., to David Strickland and Gardner Foster, FCC, dated November 8, 2002 (regarding IB Dkt. No. 02-111 Clarifications) ("PTI Nov. 8, 2002 Clarifications").

See letter from Thomas K. Crowe and Gregory E. Kunkle, Attorney's for the Office of the Governor of the Commonwealth of the Northern Mariana Islands, to Marlene H. Dortch, Secretary, FCC, dated August 28, 2002 ("Governor's Aug. 28, 2002 Reply").

³ See Letter from Kenneth D. Patrich and Timothy J. Cooney, Attorney's for Pacific Telecom Inc., to Marlene H. Dortch, Secretary, FCC, dated July 17, 2002 (regarding Section 1.65 Submission IB Docket No. 02-111). Attachment A (Declaration of George Chiu).

for which, at the time, Mr. Chiu served as Vice President, for failing to disclose the same *nolo contendere* plea in an application to the DOT.’ Having been put on notice of the relevancy of this serious offense in the DOT proceedings, Mr. Chiu and PTI were well aware of the relevance of the offense and should have revealed it instead of attempting to conceal its existence from the Commission.

C. The Commission Should Further Investigate the Connection Between Michael K. H. Leung and Garment Factories Named as Defendants in the Class Action Lawsuits.

On December 6, 2002, PTI submitted documents detailing a partial settlement of class action lawsuits against several garment manufacturers based in the CNMI and corporations that have contracted with them. A recent news report, attached as Exhibit A, states that one of the companies named in that suit, Onwel Manufacturing Ltd., may be owned by Michael K. H. Leung of Missouri Holdings Corporation, which owns a 20% share of PTI. The article indicates that previous legal actions may have also been taken against this company. Clearly, more information should be obtained from the applicants regarding this matter (including whether there is any connection between Onwel or Mr. Leung and the Tan companies). If the report is true, PTI may have failed yet again to provide pertinent facts to the Commission and by so doing breached its duty of candor.’

PTI’s failure to disclose the above information constitutes a violation of Section 1.17 of the Commission’s rules which prohibits any “willful material omission bearing on any matter within the jurisdiction of the Commission.”⁴ PTI’s continuing reluctance to be forthcoming in

⁴ See Joint Opposition to Petitions to Deny and Informal Opposing Comment, IB Dkt. 02-111, (July 1, 2002), Exhibit F (Applications of Aero Micronesia, Inc. d/b/a Asia Pacific Airlines, Order to Show Cause Proposing Issuance of Certificate Authority) (“Joint Opposition”).

⁵ Also relevant here is the applicants’ failure to disclose Michael K. H. Leung’s status as a British National Overseas citizen in Hong Kong. See Governor’s Aug. 28, 2002 Reply at 3. This omission, merely one in a broader pattern of omissions that have characterized this proceeding, cast significant doubt over the Commission’s ability to reach a decision on the basis of reliable, accurate facts. For additional omissions, see generally Governor’s Aug. 28, 2002 Reply.

⁶ See 47 C.F.R. § 1.17. Lack of candor and failure to disclose relevant information in a proceeding such as this is a serious matter before the Commission, See, e.g., SBC Notice of Apparent Liability for Forfeiture, 16 FCC Rcd 19091, 19115 (2001) (“We consider misrepresentation to be a serious violation, as our entire regulatory scheme rests upon the assumption that applicants will supply [the Commission] with accurate information.”) (internal citations omitted); For Private Operational Fixed Microwave Service Authorization and Modifications; New York, New York, Decision, 15 FCC Rcd 25050, 25071 (2000) (“[T]he duty of candor requires applicants to be fully forthcoming as to all facts and information that may be decisionally significant to their applications”); Garden State Broad. Ltd. P’ship v. FCC, 996 F.2d 386, 393 (D.C. Cir. 1993) (“[D]eliberate failures to produce information can result in disqualification for lack of candor.”); Fox River Broad. Inc., 93 FCC 2d 127, 130 (1983) (“Our concern with misrepresentation and lack of candor stems from the necessity of relying on licensees’ representations to the Commission.”); and RKO v. FCC, 670 F.2d at 229 (“As a licensing authority, the commission is not expected to play procedural games with those who come before it in order to ascertain the truth.”) (internal citation omitted).

this proceeding is also a convincing demonstration of its lack of candor and thus inability to comply with U.S. law, including Commission requirements.'

II. Tan Affiliate Misconduct Is Attributable to PTI.

In its November 8, 2002 submission, PTI states that Prospector Investment Holdings, Inc. will have complete managerial control over the daily operations of MTC.⁸ PTI apparently advances this argument to distance itself from the acts of Tan's affiliated companies (including L&T) and officers in an effort to convince the Commission that the misconduct of those companies and officers is not relevant to the instant proceeding. However, contrary to PTI's claims, the acts of Tan's officers and subsidiaries are directly relevant here.

First, Tan subsidiary, THC Communications, Corp., has the ability, at least potentially, to control PTI. The Shareholders' Agreement vests significant potential for control over PTI in THC. Although THC presently holds only a 30% shareholder stake in PTI, it has the right to appoint 3 of the 6 directors of PTI (Article 6). Furthermore, under the Shareholders' Agreement, only THC has the important right to appoint a Comptroller and/or internal and external auditors of PTI (Article 8).⁹ In the event of a sale of any shareholder's interest in PTI, the other shareholders' shall have a right of first refusal to purchase such shareholder's shares (Article 4). This creates the potential, for example, to allow THC to acquire the 50% shareholder stake of Prospector Investment Holding, Inc. or the 20% shareholder interest of Missouri Holdings Corporation. These rights give THC Communications Corp. a significantly higher level of potential control over the operations of PTI than might otherwise be implied by its 30% ownership stake.

Second, management of the Tan subsidiaries is so interrelated that the actions of L&T can readily be attributed to other Tan affiliates (*i.e.*, THC). The fact of the matter is that the Tan corporate structure is intimately managed and controlled by an "extended family" represented by the Tan Family Trusts." For example, Sui Lin Tan, trustee and beneficiary of the Tan Family

Apart from PTI's failure to disclose it in this proceeding, the DOL's investigative findings of violations of the 1992 Consent Judgment also independently show that PTI will be unable to comply with U.S. law, including Commission Rules. Further, a large penalty from the DOL may cripple the ability of Tan and, therefore, PTI to effectively continue operation of the only landline telecommunications network in the CNMI. Indeed, there is a very real likelihood of such a consequence given that the \$9,000,000 fine levied against L&T in the early 1990's was one of the largest fines, if not the largest, assessed in DOL's history. *See* Joint Opposition, Exhibit F (Applications of Aero Micronesia, Inc. d/b/a Asia Pacific Airlines, Order to Show Cause Proposing Issuance of Certificate Authority).

⁸ *See* PTI Nov. 8, 2002 Clarifications at 1

⁹ *See* Governor's Aug. 28, 2002 Reply at 4

¹⁰ *See, e.g.*, Plea Agreement at 4, U.S. v. L&T International Corp., No. CR-91-00018, (D. N. Mar. I. filed Dec. 13, 1991) ("Plea Agreement") (acknowledging family connection influence: "an individual related by blood or marriage to the second degree to Tan, Sui Lin Tan...").

Trusts, is also Chairman of Tan and Chairman of L&T International Group Limited.” Sunny Tan, Vice President and Secretary of PTI is also Vice President of L&T International Group Limited, Vice President of Asia Pacific Hotels Limited and a beneficiary of the Tan Family Trusts. Tan’s Executive Vice President, Jerry Tan is also CEO of CTSI Logistics, Executive Vice President of L&T International Group Limited and a beneficiary of the Tan Family Trusts. George Chiu, President of PTI, is also President of Cosmos Distributing Co. Ltd, Vice President of CTSI Logistics, Vice President of Asia Pacific Airlines, Vice President of Tan and Vice President of Luen Thai Fishing Venture. All of the companies mentioned above are Tan affiliates.

Notwithstanding the foregoing, the Commission has stated that the misconduct of a related subsidiary will be considered as dispositive of the character of an applicant if the two companies share principals in common.¹² PTI shares several principals in common with Tan and L&T. For example, as discussed above, Sui Lin Tan, beneficiary and trustee of the Tan Family Trusts which will indirectly control a 30% interest in PTI, is Chairman of L&T International Group Limited.” Sunny Tan, Vice President, Secretary and member of the board of PTI, also serves as Vice President of L&T International Group Limited. George Chiu, President of PTI, is also a Vice President of Tan.

It should be noted that in 1998, the Department of Transportation found that the acts of related subsidiaries of Tan reflected on the character of others. In an application to provide charter air-cargo services, Asia Pacific, a Tan subsidiary for which, at the time, Mr. Chiu served as Vice President, advanced the same arguments that the acts of its subsidiaries should not be imputed to Asia Pacific. However, the DOT found the crime L&T was convicted of, as well as various other lawsuits and charges of violations of federal law, including 49 OSHA rule violations in 1996 alone, “serious enough to cause [DOT] question whether Asia Pacific could be relied upon to operate in full compliance with applicable rules *while under ownership of Tan*”.¹⁴ The DOT did not accept the argument that, because L&T and Asia Pacific were only sister

¹¹ It appears that L&T International Corporation recently changed its name to L&T International Group Limited.

¹² See *In re* Policy Regarding Character Qualifications in Broadcast Licensing, Report, **Order and Policy Statement**, 102 FCC 2d 1179, 1220 (1986), recon. granted in part, 6 FCC Rcd 3448 (1991), petitions to suspend granted, 6 FCC Rcd 4787 (1991), correction, 6 FCC Rcd 5017 (1991), further recon. granted in part, 7 FCC Rcd 6564 (1992).

¹³ Sui Lin Tan was the 50.28% shareholder of defendant L&T in 1990, the year preceding the Plea Agreement (see Exhibit B) (and is identified individually in both the Plea Agreement and the Conditions of Probation in CR-91-00018). See Plea Agreement at 1; See Judgment in a Criminal Case at 2A, U.S. v. L&T International Corp., No. CR-91-00018, (D. N. Mar. I. filed Mar 6, 1992). He is also, in an individual capacity subject to the 1992 Consent Judgment. See Consent Judgment, Lynn Martin v. Am. Int’l Knitters Corp. et al., No. CR-91-0027, (D. N. Mar. I. filed May 21, 1992).

¹⁴ See Joint Opposition to Petitions to Deny and Informal Opposing Comment, IB Dkt. 02-111, (July 1, 2002), Exhibit F (Applications of Aero Micronesia, Inc. d/b/a Asia Pacific Airlines, Order Issuing Permanent Certificate Authority) (emphasis added).

companies, the actions of one did not weigh on the character of the other, given the ultimate common ownership. Instead, DOT denied the certification Asia Pacific had applied for and instead granted a temporary certificate to allow the Department to weigh the ongoing ability of the company to comply with DOT rules.¹⁵

While the DOT eventually granted the license Asia Pacific sought in that proceeding, several reasons exist why similar treatment should not be awarded in the instant proceeding. First, although the DOT granted Asia Pacific a permanent certification two years after approving its limited initial one-year certificate (even though the company had violated DOT rules in the interim), central to its decision was the fact that no further allegations of violations of Federal laws involving the Tan companies arose during the interim certification.¹⁶ DOT explicitly stated that new instances of unlawful or criminal activities would cause the DOT to re-evaluate whether to revoke Asia Pacific's certificate." Here, new instances of unlawful conduct, as evidenced by an apparent breach of the 1992 Consent Judgment (*see supra* at 2), have occurred. Second, the DOT proceeding involved a license for air cargo service in the pre-September 11, 2001 environment. The fact that the instant proceeding applies in the new post September 11, 2001 environment and entails critical monopoly telecommunications services in a distant, strategically located, U.S. commonwealth, implicates national security and law enforcement issues calling for a stringent application of the Commission's character requirements. Finally, while Asia Pacific was chastised by the DOT for not affirmatively disclosing the *nolo contendere* plea and 1992 Consent Judgment, it is possible to presume that the failure to disclose in that proceeding was a first time mistake. In this proceeding -- as discussed *supra* at 2-3 -- George Chiu, Vice President of Asia Pacific and President of PTI, was well aware of the significance of the *nolo contendere* plea and the 1992 Consent Judgment.

111. Allowing PTI to Acquire MTC May Result in Competitive Harm to the CNMI Labor Market.

In its December 6, 2002 submission, PTI states that Tan has operated several garment factories in the CNMI which have employed approximately 10,000 workers since 1990.¹⁸ This number only begins to hint at the level of control Tan and its affiliates have over the cost of labor (including minimum wage levels) in the CNMI. Allowing PTI to acquire MTC and its subsidiary GTE Pacifica, along with their existing employees, could have an anticompetitive

¹⁵ See *id.*

¹⁶ See Joint Opposition, Exhibit F (Applications of Aero Micronesia, Inc. d/b/a Asia Pacific Airlines, Order Issuing Permanent Certificate Authority) at 4.

¹⁷ *Id.*

¹⁸ See Letter from Kenneth D. Patrich and Timothy J. Coonev, Attorney's for Pacific Telecom Inc., to Marlene H. Dortch, Secretary, FCC, dated December 6, 2002 (regarding IB Dkt. No. 02-111 Additional Clarifications).

impact on the CNMI labor market by extending Tan's potentially monopsonistic control over the cost of labor in the CNMI.'"

Tan is already "the largest private...employer" in the CNMI.²⁰ Tan or its affiliates operate in, and thus employ workers in, virtually every sector of the CNMI economy. Their operations include the following sectors: airlines, amusement, apparel manufacturing, fast food, ground handling services, hotels, real estate, tourism and travel, insurance, logistics, publishing, fishing, logistics services, and information technology.²¹

To illustrate the influence Tan has in the labor market of the CNMI, Tan employed 5,254 workers in the CNMI in 2000.²² This contrasts with a total workforce in the CNMI in 1999 of 48,693²³, of which 4,996 were employed by the government.²⁴ Thus, there was a private workforce of 43,697 people. Of the total workforce in 1999, only 12,641 were U.S. citizens" and 36,052 were non-U.S. citizen workers.²⁶ In terms of percentages, Tan employs over 12% of the private sector work force in the CNMI ($5254/43697=12.02\%$). Viewed from another perspective, Tan may employ up to 16.92% of the non-U.S. citizen private workforce in the CNMI ($5254/(36052-4996)=16.92\%$).

Given that it employs such a large percentage of the CNMI labor market, Tan already has the unique ability to exert significant pressure on wage levels in the CNMI. Indeed, there is likely a direct connection between Tan's position as employing such a large portion of the private sector workforce in the CNMI and the fact that the minimum wage level in the CNMI is significantly below the U.S. minimum wage level.²⁷ If the proposed transaction is approved, the

¹⁹ The Commission has the authority to assess the competitive effects of the proposed transaction. *See, e.g.* 47 U.S.C. § 314.

²⁰ *See* Tan Holdings corporation, *available at* <http://www.tanholdings.com> (visited 11/25/2002).

²¹ *See* Tan Holdings Corporation, *available at* <http://www.tanholdings.com> (visited 11/25/2002).

²² LIIDS, Dept. of Labor and Immigration, Census 2000; Exhibit I: Labor Force Participation Analysis. The figures supplied herein are derived from government sources for the years 1999, 2000 and 2001. While applicable figures could not be located in government source materials for a single recent year, the supplied figures offer a reasonable approximation of Tan's position in the CNMI labor market.

²³ 2001 Commonwealth of the Northern Mariana Islands Statistical Y.B., tbl. 4.11 (2001) ("CNMI Statistical Y.B.").

²⁴ *Id.* at tbl. 4.12

²⁵ *Id.* at tbl. 4.11.

²⁶ *See* CNMI Statistical Y.B. *supra* at note 19.

²⁷ *See* Bank of Hawaii, Commonwealth of the Northern Mariana Islands, Economic Report, at 6 (Aug. 2001). The labor situation in the CNMI is unique and has been subject of controversy in the past. The discrepancy between the U.S. minimum wage level and the minimum wage level in the CNMI led President William J. Clinton on May 30, 1997 to inform the then-Governor of the CNMI that he would ask Congress to extend U.S. immigration

percentage of the CNMI workforce employed by Tan (through its control and/or role *vis-à-vis* PTI) would only increase as the company would extend its potentially monopsonistic control over labor to yet another critical infrastructure business—telecommunications. Concomitant with this could be a deepening of the current minimum wage discrepancy. These consequences raise serious questions under Sections 1 and 3 of the Sherman Act.²⁸

Monopsony power is considered “to the demand side of a market what monopoly power is to the supply side.”²⁹ As Blair and Harrison point out, “the economist objects to the exercise of monopsony power for the same reason she objects to the exercise of monopoly power – both cause social welfare losses.”³⁰ A firm with monopsony power in a particular labor market would be able to lower wages to below competitive levels.

The Supreme Court has condemned these situations in various instances. In *Mandeville Island Farms, Inc. v. American Crystal Sugar Co.*, 334 U.S. 219 (1948), the Court, when faced with the question of whether the Sherman Act applies to monopsony situations, stated “the statute does not confine its protection to consumers, or to purchasers, or to competitors, or to sellers. Nor does it immunize the outlawed acts because they are done by any of these.”³¹

This analysis has been applied to the labor market in *Todd v. Exxon*.³² In *Todd*, the 2nd Circuit examined whether a group of oil companies violated antitrust laws by sharing salary information regarding professional, managerial, and technical employees with the effect of keeping down wages for those employees. In deciding that such actions were inconsistent with the Sherman Act, the court determined that “the supply of labor has an inherently inelastic quality.”³³ This is due to the fact that “sellers” of labor have relatively little means to preserve their “goods”. “Labor is an extremely perishable commodity – an hour not worked today can never be recovered.” As a result, “collusion among employers can drive the wage down to the individual’s reservation wage.”³⁴ While some may contend that lower wages also lead to lower prices for the goods they produce, “ironically, the reduced input prices the monopsonist enjoys

and labor laws to the CNMI. *Id.* at 5. Moreover, the CNMI government has endeavored to take action of its own to limit the importing of low-cost foreign labor into the CNMI. The fact remains, however, that Tan’s historical practice of bringing low cost non-U.S. workers to the CNMI as well as its monopsonistic position in the CNMI labor market is a driving economic force behind the comparatively low wages which persist in the CNMI.

²⁸ See 15 U.S.C. §§1 and 3

²⁹ Roger D. Blair & Jeffrey L. Harrison, *Antitrust Policy and Monopsony*, 76 Cornell L. Rev. 297, 306

³⁰ *Id.* at 301

³¹ *Mandeville Island Farms, Inc. v. American Sugar Co.*, 334 U.S. 219, 236 (1948).

³² *Roberta Todd V. Exxon Corporation, et al.* 275 F.3d 191 (2d Cir. 2001) (vacating motion to dismiss)

³¹ *Id.*

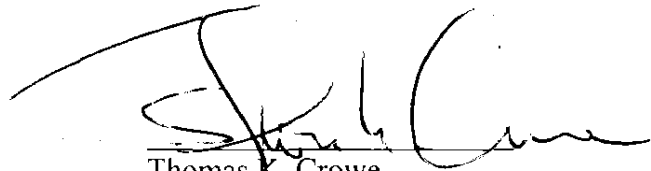
³⁴ *Id.* (internal citations omitted, quoting Blair and Harrison, *supra*)

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do not lead to reduced output prices. In fact, when the monopsonist has market power in its output market, the reduced input prices cause **higher** output prices.”³⁵

In short, allowing PTI to acquire MTC and its work force will only expand Tan’s ability to exert anticompetitive influence over the cost of labor (including the minimum wage level) in the CNMI, creating potential harm to both workers and economy of the CNMI.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Gregory E. Kunkle', written over a horizontal line.

Thomas K. Crowe
Gregory E. Kunkle,
Counsel for the Office of the Governor
of the Commonwealth of the Northern
Mariana Islands

Attachments (Exhibits A through B)

cc: Attached Service List

³⁵ Blair and Harrison, *supra*, at 306. [Emphasis in original]

EXHIBIT A

**Annie Ruth C. Sabangan, Torres Says He Uncovered ‘Questionable’
Background of PTI Shareholder, *Marianas Variety*, December 13, 2002.**

MAJORITY of the members of a consortium that want to purchase Verizon's local franchise are **not** only composed of garment owners — "but of garment owners with questionable credibility," according to Rep. Stanley T. Torres, chairman of the House Committee on Ways and Means.

In an interview yesterday, Torres said he discovered "another crack" in the credibility of Pacific Telecom, Inc. when he found out that Michael K.H. Leung, the owner of Missouri Holdings Corp., which controls **20** percent of the consortium, has dual citizenship and is also the owner of Onwel Manufacturing Ltd., a garment company on Saipan.

He said Onwell had a labor abuse case with the federal court.

But Robert J. O'Connor, counsel for Leung, denied Torres' allegations.

Torres said he found out that Leung is not just a Canadian citizen but is also a British national based in Hong Kong, owning 500 majority shares of Onwel since 1987.

Onwel, according to Torres, had been sued in a class action case in 1991 for labor abuse, non-payment of wages and locking in of employees after working hours.

Rut O'Connor said there is no problem with Leung's dual citizenship.

"If England does not care and Canada does not care, then why would Stanley care?" O'Connor said.

He said that while there was a labor case filed against Onwel in 1991, "it was a complete victory" for the garment company "as it was exonerated by the court after a jury trial."

Torres said Leung's case and questionable background, with the other labor case of Tan Holdings Corp., are "enough bases" for the Federal Communications Commission to "conduct an investigation" which could help them "determine if PTI should be the rightful future owner of Verizon."

George Chiu, one of the directors of PTI and an executive of Tan Holdings, earlier admitted to the FCC a misdeclaration in its transfer of control application that the company was never convicted of a felony in federal court.

L&T International, a subsidiary of Tan Holdings International Corp., was convicted of a felony by the U.S. District Court in 1992, after it was found guilty of violating provisions of the U.S. Federal Labor Standards Act by not paying overtime to hundreds of its garment workers.

On May 18, 1992, L&T was ordered by the court to pay \$9 million **to** its workers.

O'Connor said Torres "should first get his facts straight."

"It seems to me that what he is trying to do is get back at Willie Tan because he successfully sued (Torres) for slander. He should get over it, move on and be more productive. He has done good in the past and I am sure he can still do a lot of good things in the future. **But** he has to switch *to* other issues." O'Connor said.

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Torres says he uncovered 'questionable' background of PTI sh
By Annie Ruth C. Sabangan
Variety News Staff

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EXHIBIT B

1990 Annual Report Of L&T International Corporation.

| | | |
|---|-----------------------------------|---|
| NAME OF CORPORATION L 6 T INTERNATIONAL CORPORATION | | 1951/647 |
| REGISTERED AGENT NAME | WILLIE TAN | PRINCIPAL BUSINESS LOCATION(S) LOWER BASE P.O. BOX 1280 SAIPAN, MP 96950 |
| ADDRESS | P.O. BOX 1280 SAIPAN, MP 96950 | |

OFFICERS - NAME, TITLE AND ADDRESS

SIU LIN TAN : President
WILLIE TAN : Vice President
RAYMOND TAN : Secretary
JERKY TAN : Treasurer

DESCRIPTION OF BUSINESS ACTIVITIES . DESCRIBE ALL LINES OF BUSINESS

Wholesale. Management Consulting, Manpower Services, Security Services, Amusement
Gamerooms, Import/Export, Retail, General Merchandise, Food Catering, Dormitory Services
Forwarders

| STOCK ISSUED AND OUTSTANDING NUMBER OF SHARES | CLASS OF SHARES | AMOUNT PAID FOR SHARES |
|--|-----------------|------------------------|
| 348,000 shares | Common | \$3,480,000 .00 |

28,000 shares
28,000 shares
28,000 shares
28,000 shares
1,500 shares

| | |
|--|------------|
| FILED | |
| at the | |
| OFFICE of the ATTORNEY GENERAL | |
| DATE: | 3/1/91 |
| TIME: | 4:09 AM/PM |
| BY: | |
| REGISTRAR OF CORPORATIONS | |
| Commonwealth of the Northern Mariana Islands | |

March 1, 1991

WILLIE TAN
Vice President
OR CAPACITY OF

SIGNING

CERTIFICATE OF SERVICE

I, Jessica Hankins, a legal assistant with the Law Offices of Thomas K. Crowe, P.C., certify that on January 8, 2003, a copy of the foregoing *Reply of the Office of the Governor of the Commonwealth of Northern Mariana Islands to Submissions of Pacific Telecom, Inc.*, IB Docket No 02-111, was served by first class United States mail, postage prepaid, or by hand delivery where indicated by an asterisk (*), upon the parties listed below.

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